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The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



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WASHINGTON, D. C.

FEBRUARY 14, 1934

U. S. Building Navy To Treaty Strength

Fifty-four Ships Already Under Construction and House Approves Bill for 102 More

PROGRAM IS HARDLY OPPOSED

Threatening World Conditions Increase Sentiment for a Large Navy

The United States has embarked upon the largest peace-time naval building program in its history. Already under construction are thirty-two destroyers, eleven cruisers, six submarines, three aircraft carriers and two gunboats. In addition, the House of Representatives has passed a bill authorizing the president to order at his discretion the building of 102 vessels more to replace those in our fleet which are out of date or will become so during the next three years. To complete the program 1,184 naval planes are to be purchased, 2,800 men are to be added to the navy and 1,000 to the marine corps.

A "Treaty Navy"

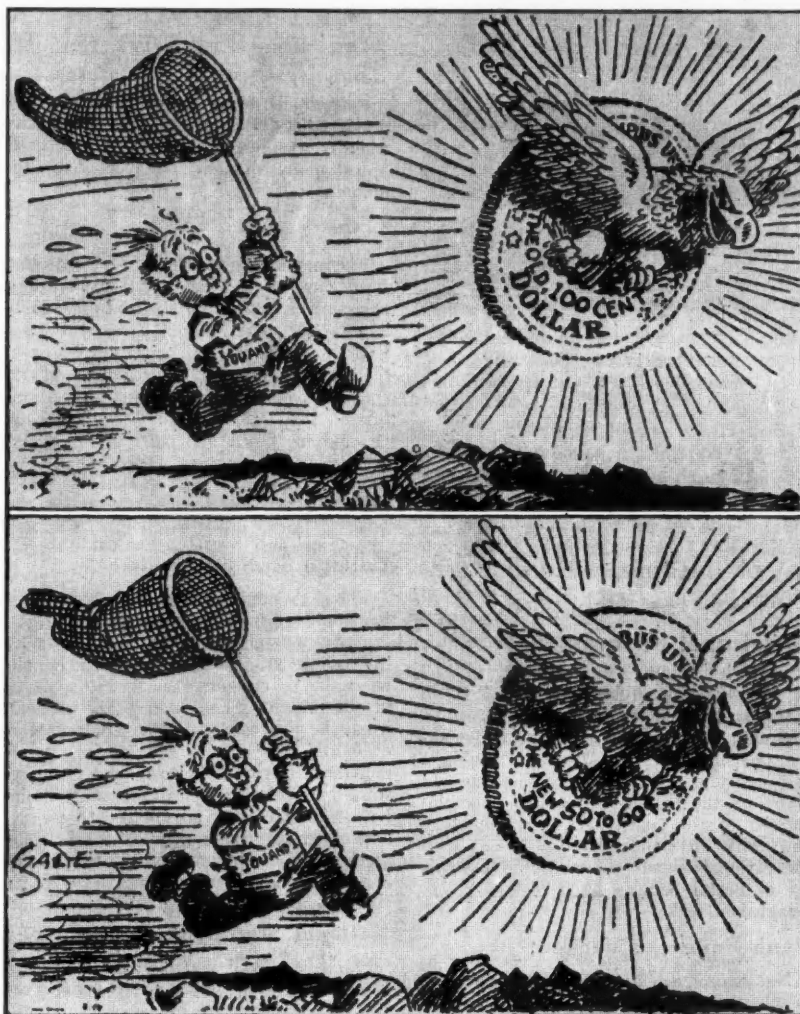
It will take five years to fulfill the project. The total cost, spread over the period, will be close to a billion dollars. This, of course, does not include operating expenses for the navy, which average at a minimum \$300,000,000 yearly and which will probably amount to considerably more owing to the building of fifty-four new ships.

In return for such a heavy outlay of money the United States will at last have that "navy second to none" which has been such a bitter source of controversy since the war. We shall have every ton permitted us by the Washington Naval Treaty of 1922 and the London Naval Treaty of 1930. The full program will be well under way by 1935 when another naval conference is scheduled to consider an extension of those treaties. This fact, it is held by those who favor a "treaty navy," will put us in what is known as a better bargaining position. Great Britain and Japan, our two chief naval rivals, will be more inclined to agree to further limitations if they know that we have a strong navy. It is chiefly to give us such an advantageous position that naval construction is being pushed.

Usually, there has been strong opposition in Congress when bills calling for increased naval building have been presented. The Republican administrations since the war have for the most part favored a small navy, hoping always for new agreements with other countries providing for further reductions. But President Roosevelt, who was once assistant secretary of the navy, has different ideas. He believes in keeping our navy up to its full treaty strength, and promptly took steps in that direction soon after he came into office, by causing to be allotted from the Public Works Fund, \$238,000,000 for new ship construction.

Congress has reflected the attitude of the president. Scarcely a voice was lifted against the bills as they rolled through the House and prepared to coast through the Senate. In the House the only sign of real opposition came from Representative Blanton of Texas. However, Speaker

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AND LIFE GOES ON JUST THE SAME
—Gale in Los Angeles Times

Principles and Prejudices

We are told that we should be principled; that we should not be shifty and haphazard in our conduct; that there are some things for which we should stand though the heavens fall. At the same time we are warned against prejudice. We should be open-minded and tolerant. We should not be too "set in our ways." Is this advice contradictory? Are principles nothing but prejudices in favor of particular forms of conduct? If so, should we be open-minded, tolerant and experimental in all things, or should we give free sway to our feelings of approval and disapproval even at the risk of being called a creature of prejudice?

We would answer these quite pertinent questions by saying that one must find a place in his life for both open-mindedness and principle—prejudice, if you like. Most people err on the side of leaving too little freedom for themselves. They have so many prejudices, so many fixed ways of doing and thinking, that they are really enslaved. One who always supports a certain political party, for example, has lost his political freedom. He no longer can use his mental powers to exert civic influence. In private affairs, too, we see far too much of persons who are opinionated; who take definite stands the moment they hear a subject discussed; who are certain they are right and that those who disagree with them are inferior or immoral. A person who holds stubbornly to too many positions impresses us as being mulish rather than principled.

At the same time, we like for one to be dependable. We like for him to stand eternally for some things. The point is that they should be important things. A principle is a prejudice which is attached to something tested and worth while. But how are we to tell what are the matters about which we should keep our minds open and what are the ones we should convert into matters of principle? The only possible answer is that one should use his brains to find out. He should allow his intellect to govern his feelings. He should feel deeply about certain things, but only the things which he believes in intellectually. One should, by act of will, banish the petty prejudices of which he is ashamed in his best moods. He should stand resolutely by the ideas of which he is proud when he is at his best. Perhaps he will be mistaken sometimes. He certainly will be. No one is so wise as not to fail at times to see what course should be approved and what should be condemned. But one who subjects all his prejudices to frequent examination to see whether or not they are worth keeping will surely become a better citizen and a more companionable friend.

New Land Plans of Government Made

Administration Plans to Move Large Number of Families to Regions of Greater Opportunity

SEEKS DECENTRALIZED INDUSTRY

Workers Would Produce Own Food While Working in Factories

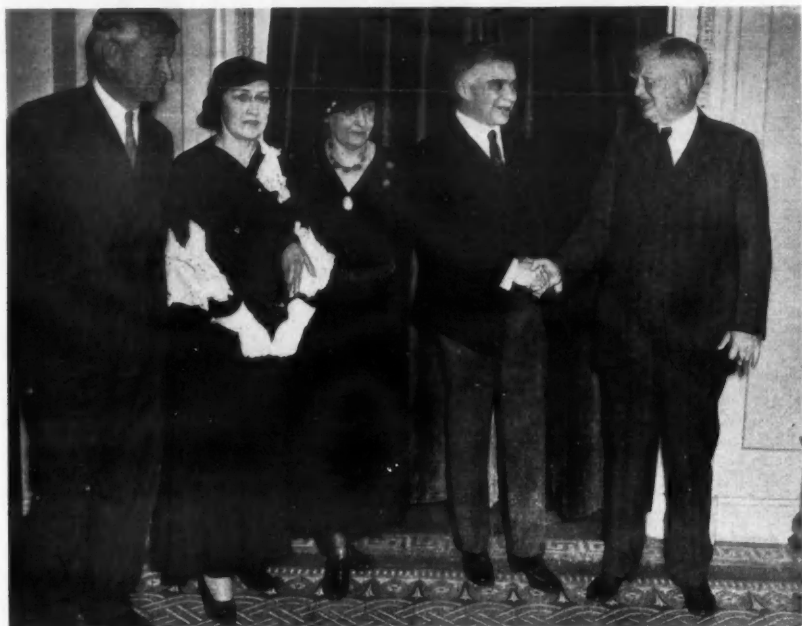
Last week Harry L. Hopkins, who is in charge of the federal government's relief and civil works programs, announced a new project to which the Roosevelt administration is committed. This project calls for the transplanting of a million American families from regions where they cannot at present make a living and must depend upon relief to sections where the advantages and opportunities will be greater. This announcement constitutes one of the first steps toward long-range planning for the American people. The plans which are being inaugurated may, or may not, be carried out. They call for cooperation on the part of industry and the people. They call for a continuation of policy beyond the limits of the present administration. But if the initial work proves popular and successful, and if the plan is adhered to and supported, it may turn out in the long run to represent one of the major movements in American history.

Nature of the Plan

The plan is that the government shall purchase large tracts of poor farming land upon which farmers are struggling vainly to make a living. This land will be planted to trees or to grass. The government will then purchase tracts of land adjacent to cities or to manufacturing plants. It will help the farmers displaced from the poor lands to settle in these suburban regions. They may then find employment in the factories, at least part of the time, and they may supplement the incomes they receive from the factories by doing gardening, trucking and small farming. These tracts are to be used not chiefly for the production of crops which will enter into commerce, but as a means of helping people toward the making of a living and toward a better way of life.

These subsistence farms are not to be used wholly as a resort for farmers now occupying land upon which they cannot make a living. They are to be used also for unemployed portions of city populations. In many mining communities, for example, workers have been out of employment for months, even years. They have been entirely dependent upon relief. In other places, such as Detroit, there have in the past been boom periods during which the workers have found constant employment. But the industries to which they have floated have since reduced their production or have shut down altogether, leaving the workers stranded. In a large number of instances like these, there is little likelihood that the inhabitants will ever be reemployed. It is futile to regard them as temporarily unemployed, where, as a matter of fact, they have been permanently thrown out of work through forces operating in a changing economic order. These people are to be moved from

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AMBASSADOR TROYANOVSKY CALLS ON VICE-PRESIDENT GARNER
The new Soviet ambassador recently made a tour of the Capitol and met a few celebrities. Left to right: Will Rogers, Madame Troyanovsky, Mrs. Garner, Ambassador Troyanovsky and Vice-President Garner.

Notes From the News

Lippmann Favors Redistribution of Income; Mardi Gras Festival; College Students Aided; the Public and Streamlining; CCC Educational Program

ANOTHER indication that world conditions are taking a turn for the better is seen in the slow but gradual increase in our foreign trade. During the month of December, we sold a larger quantity of merchandise to twenty-nine of the forty principal foreign markets than in the preceding month. Taking 1933 as a whole, all but fifteen of these countries bought more from us than in 1932. Looking at it from the foreign side, we purchased \$126,000,000 more goods abroad in 1933 than in 1932. This increase of world trade has come about in spite of high tariff barriers which greatly hinder the flow of goods from one country to another.

Walter Lippmann on Incomes

In a recent speech to a group of bankers in New York City, Walter Lippmann, the well-known newspaper writer, told about our national income and the way it was divided during the depression years from 1929 to 1933. Some of our people are laborers in factories and mines and on farms; others work in offices for salaries; some depend on real estate for a living, and another group receives dividends and interest on money invested. Mr. Lippmann showed that all these classes were hurt during hard times. But the laborers' pocketbooks were hit first and hardest. The gap between wage earners and the people who get interest and dividends widened, being much greater in 1932 than it was even in 1929. The speaker said that he agreed with the Roosevelt administration that we must restore purchasing power of workers first, to give them at least the same position in relation to other classes that they had five years ago.

Flying Down Prisoners

A plan to make it more difficult for criminals to escape has been laid before the Department of Justice by United States Marshal John J. Murphy of Boston. It calls for a nation-wide, short-wave radio broadcasting system linking an air police patrol with police cars. Mr. Murphy believes that if airplanes and police cars could work together and keep in constant touch with each other by radio messages, it would be difficult for criminals to escape by car.

"Once at the scene of the hold-up," Mr. Murphy explains, "the plane would cruise

in ever-widening circles, covering all roads a thousand times faster than a police land car, and, once the air observers had spotted the suspicious car, the rest would be easy. Radio messages from the plane to police on the ground would keep them informed of the fugitive car's whereabouts and, with all police stations linked with the national system, the work of bottling up the fleeing bandits could be quickly accomplished."

Bank Failures Checked

Not one of the 13,434 banks which hold membership in the Federal Deposit Insurance Corporation has failed in the first month of its operations, according to Mr. E. G. Bennett, the director. Thus, the fund which has been set aside to pay closed-bank depositors has not been touched. Mr. Bennett does not look for many failures in the future, as the member banks of the Insurance Corporation appear to be in sound condition.

World's Largest City

Last week we carried a brief note on this page, comparing the populations of New York City and London. Since then we have had requests to go into the matter more thoroughly.

The question of whether New York or London is the largest city in the world is one on which general agreement has not been reached. It is true that censuses are taken in each of these cities, but the trouble is it is hard to determine just how much territory should be included in a city like London or New York. As we said last week, the "City of London," which is under one organized government, is a small area in the heart of London with a population of only about 11,000. This is the site of the city which developed during the Middle Ages and the population has, of course, grown far beyond that area. "Greater London," which is really one

single city but which is not under one organized government, has a population of 8,202,818.

New York City, considered as a government unit—the city presided over by Mayor LaGuardia—had a population in 1932 of 6,981,915. But "Greater New York," which is made up of New York City, Brooklyn, Jersey City, Newark and certain other suburbs—a region similar to "Greater London," has a population of over 10,000,000. So it appears that whichever way you look at it, New York City has the best claim to the title of the world's largest city.

In the lists of the largest cities of the world, London is frequently given first place, owing to the fact, perhaps, that all of "Greater London" is under the same metropolitan police force and has that much reason to be called a single city, whereas "Greater New York" is made up of wholly distinct cities located in three different states.

Country Likes CWA

The popularity of the CWA was manifested last week when the House of Representatives supported its continuation by a 382 to 1 vote. The lone dissenter was Representative Terrell of Texas who contended that the CWA program was unconstitutional. The House bill appropriated \$950,000,000—part of which would be used for CWA and part for direct federal relief to states. The Senate was expected to pass a similar measure. Thus the CWA workers are assured of employment at least until May.

College Students Aided

Relief Administrator Harry L. Hopkins has announced a plan with which the government will give part-time jobs to 100,000 college students, who would otherwise be unable to complete the second semester of the present school year. The students would be provided with the kind of work ordinarily done around the various schools, including clerical, library, and research work and jobs in dormitories and dining halls. Each college is expected to arrange a program in cooperation with the relief administration, under which all tuition and registration fees will be waived for the students receiving federal help.

National Stamp Exhibition

Stamp collectors from all over the United States are flocking to New York City this week. The occasion is the National Philatelic Exhibition. Rare stamps and stamps not so rare will be on display. Prizes are to be awarded to the winners of the best exhibitions. One of the interesting features of the show is a stamp-printing outfit, installed by the United States Post Office Department. It enables visitors to study stamp printing processes.

"Lawf" This Off

The House of Representatives has been considering a proposal to grant additional sums to foreign service officers abroad who have been hurt by the decline in the value of the dollar. Representative Britten of Illinois, in opposing the proposal, made the following statement:

There is one amendment I have always thought might readily be inserted in the State Department bill. That is when an American diplomat, whether he be in Asia or Europe, begins to 'hawf' and 'lawf' and 'cawf' and ape the British, he ought to be brought home and kept here until he speaks the language as we speak it in the United States.

Mardi Gras in New Orleans

Tuesday, February 13, was a day of festivity and parades in New Orleans. Once again this city carried out the ancient religious custom of observing Mardi Gras, the last day before Lent. The name

Mardi Gras, is French—Mardi meaning Tuesday and Gras, fat. It is the custom in France to lead a fat ox in the street parade the Tuesday before Lent.

The festivity which accompanies the observance of Mardi Gras is one of the big annual events in New Orleans. It draws visitors from all parts of the country. It is marked by gay pageants and beautiful floats. Many people wear costumes and masks. It is a day of merrymaking.

In Europe, Italian cities, principally Rome and Venice, are famous for their Mardi Gras celebrations.

A Splendid Movement

The educational movement in Civilian Conservation Camps is progressing. Not only are classes being formed in the camps but arrangements are also being made for the young men to go to nearby schools and libraries.

The camp classes which have already been formed teach a variety of subjects. For example, Camp Cascade in the Yosemite Valley has been conducting classes for several months in auto mechanics, bookkeeping, electrical engineering, radio, photography, landscaping and park administration.



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Senate Sergeant at Arms Chesley W. Jurney arrests William P. MacCracken who came to grief with the Senate.

New opportunities are being opened up to these young men, whereas a year or so ago their futures seemed dark. Moreover, their potential contribution to society is being greatly enhanced.

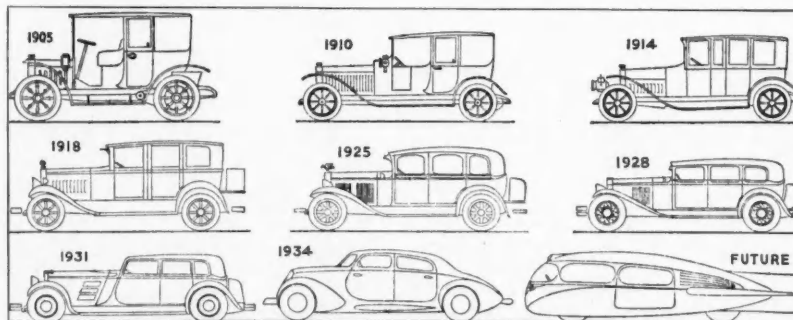
Jovial Arrest

The arrest of William P. MacCracken, former assistant secretary of commerce, on a charge of contempt of the Senate, was anything but a grim affair. (See page eight.) Chesley W. Jurney, sergeant-at-arms of the Senate, preserves his smiling dignity at all times, but when he visited MacCracken's office to read the warrant of arrest, the smiles were more in evidence than the dignity. When MacCracken appeared, Jurney called, "Come on, Bill, pose with me for the photographers." It is not often that the United States Senate orders anyone to be arrested; apparently the participants felt that such a moment should be made as informal and enjoyable as possible.

The Public and "Streamlining"

Will the public accept the new, strange-looking cars with their increased streamlining? Douglas Haskell, writing for the *Nation*, sets forth the opinion that people will accept any car that cuts down fuel expenses. However, he does not think that the new "streamliners" go far enough. He points out that they do very little in the way of eliminating wastes of power and money. "The thoroughbred," he says, "has no curved dashboard, no polished brass lanterns—excuse me, I mean no hood, no protruding headlights and tire racks, no windshield, no fenders, and no running board. It is all car. All is incorporated into one graceful shape, a continuous line drawn from the nose to the tail, like the form of a whale or an airplane fuselage."

Experiments on this type of car, Mr. Haskell writes, are convincing proof that the genuine streamlined car can go between thirty and forty miles on a gallon of gas, and that the interior can be more spacious than present-day autos.



THE TREND IN AUTOMOBILE DESIGNING

The cars of the future are predicted by Raymond Loewy, designer of the Hupmobile.

AROUND THE WORLD

France: Troops and machine guns were held in readiness in Paris on February 6 as the new premier, Edouard Daladier, prepared to ask the Chamber of Deputies for a vote of confidence. M. Daladier promised that he would conduct a ruthless inquiry into the Stavisky scandal which has so stirred France. As proof of his sincerity he dismissed Jean Chiappe, Paris chief of police who appeared to be implicated in the scandal. The new premier also promised that the budget would be balanced by March 31. It was believed that the Chamber would give the necessary vote of confidence although it was feared that the meeting would be accompanied by severe rioting in the streets of Paris. The whole country has not been so shaken in recent years.

It is universally predicted that unless there is a drastic change in the present trend of affairs war will break out between the two countries in the near future. Both nations are rushing preparations in anticipation of trouble, and the public statements are construed as attempts to saddle responsibility on the shoulders of the other party.

Austria: The fate of Austria may be decided within the next six weeks, says Frederick T. Birchall, Berlin correspondent of the *New York Times*. A Nazi uprising which is likely to sweep Herr Dollfuss out of power is now awaited at any moment. Recently Dollfuss sent a note of protest to Germany, warning the Hitlerites not to interfere in the domestic affairs of his country. The Germans deny all charges but it is no secret that they are encouraging the Austrian Nazis to revolt. On February 5 Chancellor Dollfuss obtained his cabinet's consent to appeal to the League and the Council is expected to meet in special session to consider the developments in Europe's most serious crisis. It is not believed, however, that the League will be able to take any effective action.

Germany: Adolf Hitler celebrated his first anniversary as Fascist dictator of Germany on January 30. To mark the occasion the Reichstag was called into session to hear a speech by the chancellor and to pass a bill authorizing the government to make sweeping constitutional re-

forms. The law, passed in a few minutes' time by the usual unanimous consent, empowers Hitler to write a new constitution, and alter the geographical divisions of Germany. The German states, which once were independent nations, lose every right to self-government. All authority is centered in the national government in Berlin. It is indicated that Germany will be divided into thirteen provinces and named after the Teutonic tribes which once inhabited them.

Great Britain: As January ended the British and Italian governments each came forward with new plans for disarmament. The two plans were in agreement inasmuch as they recognized the fact that additional armaments should be accorded to Germany. Mussolini is ready to give Hitler the army of 300,000 men he wants but Britain is unwilling to go beyond 250,000 men. An essential condition to this rearmament, both plans hold, is Germany's return to the disarmament conference and the League of Nations. The proposals, however, met with little favor in France which is unwilling to sanction Germany's rearmament. The reaction in Germany was likewise discouraging.

Saar: The German government has ordered its citizens to discontinue all efforts to influence the inhabitants of the Saar basin before the plebiscite next year. It has denied reports of terrorism, ascribing them to "traitors in the Saar desirous of having the plebiscite postponed indefinitely

or of having the Saar occupied by international police or even French troops." If the German government remains faithful to this declaration of policy the situation in the Saar will be considerably eased. It is more likely, however, that it is the intention of the government to put an end only to the more violent forms of bringing pressure to bear on the Saar residents.

Australia: This country which claims the honor of having been the first to feel the depression now lays claim to the greater honor of being the first to come out of it. Dr. D. B. Melbourne, professor of Commerce at the University of Melbourne, who is now in this country, reports that the marked improvement in Australia is due to the adoption two years ago of a monetary plan similar to that which the Roosevelt administration has recently adopted.

Geneva: Last year the League suffered severe defeats through the resignation of Japan and Germany. It enjoyed, however, one signal victory. A treaty to limit the manufacture of opium was negotiated and accepted by more than forty nations. This was probably the greatest achievement in the League's career. But there is a fly in the ointment for it is reported that raw opium is being grown in Manchukuo and secretly manufactured in a number of factories in Asia. The League can take no action to stamp out this evil, however, because Manchukuo does not come within its jurisdiction.

Japan: "We are making no preparations for war with Russia," said War Minister Hayashi on February 1. "Our dispositions in Manchuria are merely aimed at fulfilling our treaty obligations to defend Manchukuo. We are out for peace." Two days later Soviet Commissar for War and Marine Voroshiloff said, "It is now clear to all that Japan was the first nation to seek issue from the depression by the aid of war. She has become the greatest purchaser of war material and of war industrial supplies in the world market, and is simultaneously carrying on the political preparation of the country for a more serious war than she waged in China."

These are samples of the bristling war talk now current in Tokyo and Moscow.

SWEDEN - WHERE COMMON SENSE IS COMMON

MULTIPLY the length of Sweden by seven and you have the distance from the North Pole to the Equator. Measure its width at almost any point and it will not be more than 200 miles—half a day's automobile drive in the United States.

Sweden is a cold country. In the north the lakes remain frozen 200 days out of the year. Spring only begins in May and summer ends in August. And in the extreme north the sun has a peculiar way of acting. From May 30 to July 15 it can actually be seen at midnight and from November 20 to January 20 it cannot be seen at noon. The southern part of Sweden, however, is better behaved. Ice does not clog the lakes for more than 100 days out of the year, spring begins in March and autumn only arrives in October. This section of the country is partially warmed by the Gulf spring—that remarkable river within an ocean.

It is mostly to the south that Sweden's 6,300,000 people live. They are descendants of a hardy, intrepid race which once dominated a considerable part of eastern Europe. These were the Vikings who laid the foundation for the Russian Empire in the ninth century and whose other noteworthy exploits are well known to everyone who has troubled to unfold the pages of history. The people in Sweden today have come down directly from these sturdy Vikings. Never has the country been overrun by non-Scandinavians.

But time has tempered the character of the Swede. He is content now to live within the confines of his own country. He remains aloof from the ever-threatening eruptions of Europe and he stays on good terms with his Scandinavian cousins, the Norwegian and the Dane. The three together make a rather formidable block. Close cooperation in many matters has helped to keep them out of trouble. Common interests and many common characteristics have proved an invaluable source of strength to each of the nations. It was only by agreeing to stick together that they were able to keep out of the World War.

It will perhaps surprise many to learn that Sweden, with Denmark, has the highest standard of living in Europe. There is, for example, one telephone to every fourteen inhabitants as against one to every forty in Great Britain. Many a Swedish workingman has his own small summer cottage on the edge of one of the numerous lakes in the country, and a motorboat is considered more important than an automobile. There is scarcely any illiteracy and the attendance at advanced educational institutions is unusually high.

This is all the more remarkable considering the fact that Sweden is not primarily an industrial country. Forestry, agriculture and mining are among the principal occupations. Over half of Sweden is covered by forests and wood, pulp, paper and other tree products are the

nation's main exports. Iron is the principal mineral. There is only a limited supply of coal, but the lack is made up by an abundance of water power. Electrical energy is easily available in Sweden and is even exported to Denmark which is without water power.

The most interesting feature of Sweden to most Americans at this particular time is the manner in which the economic system is controlled. During the last three or four decades the Swedes have been developing forms of social control which are described as being about halfway between Capitalism and Communism. Important and effective checks have been placed on big business from two directions—the government and the consumer. Many essential industries have come under the effective supervision of the state. For example, as Marquis W. Childs wrote some time ago in *Harper's*:

The activities of the state are many and varied. The state owns and operates at a profit nearly one-fourth of the forest area. The state controls and derives a considerable profit from the operation of about one-third of the mines. The state owns and operates at a profit railway, telegraph and telephone systems. The state generates thirty-four per cent of the electricity used, and this represents about eighty per cent of the amount used by householders. The state controls and derives a considerable profit from the sale of liquor and the broadcasting of radio programs.

And the consumer plays his part in keeping capitalism in control. A great many people belong to 786 coöperative societies which are united through a central Coöperative Union. Through these organizations the people themselves finance and direct the manufacture and sale of many kinds of goods. In this way individual business concerns and trusts are unable to charge unwarrantably high prices. If, for instance, the price of electric lamps is excessive, the coöperatives will erect a factory and manufacture lamps at a reasonable price. This was actually done in Sweden. A few years ago lamps manufactured by a trust were being sold for thirty-seven cents each. It was apparent that the price was too high. Accordingly, the people, through the Coöperative Union, formed the North-European Luma Coöperative Society. Its operations were extended to Denmark, Norway and Finland, and in a short time electric lamps were selling at twenty cents each. Even at this price the Coöperative could make a profit which, as in the case of other coöperatives, was turned back to the people in the form of dividends. The consumer movement has spread rapidly in Sweden. There are about 800 different societies with a total membership of over half a million families. It takes a high degree of intelligence to do this. It takes a willingness to coöperate and a readiness to sacrifice certain privileges. But, as the saying goes, the Swedes have what it takes.



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ADVICE FROM ECONOMISTS

Last year Dr. Nicholas Murray Butler, president of Columbia University, appointed a committee composed of well-known economic and social experts. Its job was to study plans of economic improvement and reconstruction and to report recommendations. The report has now been made. Its significance lies in the fact that the study was conducted, not by politicians or business men who might be expected to have axes to grind, but by disinterested specialists in the study of public problems. The committee was composed of the following men, each of whom signed the report: Robert M. MacIver, chairman, Lieber professor of Political Philosophy and Sociology in Barnard College; James W. Angell, professor of Economics, Columbia; Joseph W. Barker, dean of the School of Engineering, Columbia; John M. Clark, professor of Economics, Columbia; Arthur D. Gayer, executive secretary, lecturer in economics, Barnard College; Alvin H. Hansen, professor of Economics, University of Minnesota; Alvin Johnson, director of the New School for Social Research, New York; Wesley C. Mitchell, professor of Economics, Columbia; Harlow S. Person, director the Taylor Society, New York; Josef A. Schumpeter, professor of Economics, Harvard University; George H. Soule, director at large of the National Bureau of Economic Research, New York.

A number of important suggestions were made. In the first place, the committee recommends economic planning as a permanent policy. It declares that there should be a permanent economic council to study the national needs and to recommend policies to the president and Congress. In so far as the NRA and other parts of the recovery program represent the idea of planning they are endorsed. The committee would not have the country go back to the old *laissez faire* plan under which business was allowed to take its own course without governmental interference.

The report does not, however, accept unqualifiedly all of the New Deal measures. It warns against the cutting of production. It fears that the codes which are being set up in the various industries may become instruments whereby the firms engaged in certain lines of work may agree among themselves to limit production as a means of keeping prices up. These economists hold that price rises should be secured, not by a cutting down of production, but rather by an increase of demand for goods. If the attempt is made to solve the problem of want in the midst of plenty by curtailing the production, they say the result will be the elimination of plenty and the increase of want. It is held that a curtailment of pro-

duction as a temporary measure may be justified in the case of agriculture, but such a plan should not be adopted generally.

But how can an increase in the demand for goods—such an increase as will justify production—be brought about? The answer is that increases of wages should be encouraged. When new inventions are made and an increased output is thereby made possible—when the consequent technical improvements cut the cost of production—wages should be raised in proportion. The workers would then get part of the benefit of the mechanical improvements. In the past this has not been the case. Inventions have cut the cost of production and have permitted increased production at a lower rate. The owners of the industry in which the improvements are made reap the benefit in the form of increased profits. Production goes on at a high rate for a while, but the consuming power of the public does not rise greatly, inasmuch as wages are not increased. After a while, then, more of the articles are thrown on the market than the people can buy. There is overproduction, followed by a shutting down of plants. If wages were raised whenever production costs were lowered through technical improvements, there would be more buying power among wage earners. If this policy were general throughout industry, purchasing power would increase as new inventions are made and the increasing product of industry could be consumed because of the higher standard of living. Such is the argument which underlies the findings of the committee.

These economists endorse the program of public works. Not only is this a means out of the present depression, but it may be used as a means of rendering future depressions less likely. Whenever a depression threatens—whenever private industry begins to turn men out of employment—the government should step in, employing workers through a public building program. The report of the committee also calls for the regulation of large scale corporations in order to prevent monopolies and undue price increases. It recommends the stabilizing of money by international arrangement.

It is interesting to observe that this group of economists approves the general features of the president's recovery program, but that it calls attention to the danger of allowing price boosting before the purchasing power of the people has been sufficiently increased.

Ogden Mills Opines

"Rugged individualism" as a philosophy of government and business has received some marked setbacks during the last year. But at least some of our leaders retain their belief in the individual way of life. Perhaps the clearest expression of this viewpoint in recent months was that made by Ogden Mills, former secretary of the Treasury, in his Topeka speech. From his words we may expect that the Republican party will still hold steadfast to the idea that individual liberty is more important than any other consideration. This is part of Mr. Mills' address:

Our ancestors gave their lives to make the individual the master of his own destiny and the State the servant rather than the master of the people. The unexampled growth, progress and well-being of our people over a period of 150 years, and the wealth, resources, organization, standard of living and civilization of this, today the most powerful nation on earth, testify to the soundness of the principles and to the wisdom and foresight with which they built.

Are we to destroy this inheritance and tear up the charter of our liberties in the vain hope that a small group of men, selected through political processes, may direct with greater sureness and foresight the life of the nation than the people themselves?

Are Small Banks Weak?

John T. Flynn, writing in *Current History*, has this to say in defense of the small bank:

Statistics about the weakness of the small banks are wholly misleading. It is true that the vast majority of the failures were among small banks. But this was because there were more small banks than large ones. The proportion of failures among small banks was no greater than the proportion of failures among the large ones. As a matter of fact, the losses measured by deposits were very much larger in the large banks as a class than in the small banks as a class.

If we divide banks into those having deposits under \$1,000,000 and those having deposits over \$1,000,000, then we get the following statistical history of the failures: Out of every five bank failures, four were in the first class and one in the second. But if we measure the failures by deposits rather than number of banks, then out of every \$5 of deposits involved in the failures, \$1 was in the first class and \$4 in the second.

New Life for the F.T.C.

The New York *World-Telegram* greets with pleasure the revival of a federal agency which has been ineffective for the most part for several years:

The Federal Trade Commission is coming into its own again.

Twenty years ago, when it was created to curb the business anarchy of monopolies, President Wilson appointed to the Commission a group of outstanding men with the intelligence and inclination to do the job. For a few years it was an effective guardian of the interests of consumers and the rights of small business.

But court decisions in anti-trust cases, Harding-Coolidge-Hoover personnel replacements and the Old Guard's denial of adequate appropriations rapidly changed the Commission into



STILL RIDING THE WAVE

—Seibel in Richmond TIMES-DISPATCH

a toothless, famished watchdog. It became just another government bureau.

Then things again began to happen. The present Congress raised the Commission to new prominence by empowering it to administer the important Truth-in-Securities law. President Roosevelt eliminated ex-Congressman, ex-Lobbyist Chairman Humphrey and appointed Commissioners Landis and Matthews, notably improving the character and fibre of the Commission.

New responsibilities rest upon the Commission by reason of the NRA, which has opened new avenues for evading what is left of the anti-trust laws. The forthcoming stock market legislation may still further expand the Commission's duties and powers.

CCC Accomplishments

For the first time the complete statistical record of the CCC is available. The liberal St. Louis *Post-Dispatch* sums it up as follows:

Few remain of those doubters who, when the Civilian Conservation Corps project was launched last summer, ridiculed it as a futile and Utopian experiment. The CCC's solid accomplishments have established it as a highly useful agency, worthy of continuance through the recovery period, and of permanent establishment in modified form thereafter. The record of the CCC for its first six months, now available, is not required as an argument against skeptics, but is cited as statistical confirmation of what the corps has done in preserving the country's forest resources. The report includes the following pertinent record of accomplishment:

Tree and plant disease control operations over 1,675,000 acres.

Erosion control completed on 388,000 acres, and launched on 151,500 acres.

Tree planting completed on 25,750 acres and begun on 54,115 acres; total acreage of forest lands improved, 205,150.

Revegetation work on 21,500 acres.

Fire hazards removed from 129,900 acres.

More than 6000 miles of roadside cleared of fire hazards.

Firebreaks built over 3900 miles.

Construction of 10,000 miles of truck trails, 5000 miles of telephone lines, more than 1000 lookout towers, tool houses, etc.

Healthful outdoor work furnished for more than 330,000 men, most of whose pay goes to their families.

You've got to say this about the senator from Virginia. He's the non-shatterable type of Glass.

—H. I. Phillips

Business surely must be recovered from the depression. It is now strong enough to sass the doctor.

—Jersey City JOURNAL

If somebody had not preferred experiment to experience, who would now eat an oyster?

—Boston GLOBE

A western educator takes a firm stand against making children bring their lessons home from school. Now there's a chap that ought to be elected president of a Society for the Prevention of Cruelty to Parents.

—Boston HERALD

One criticism about currency seems to be that it isn't current enough.

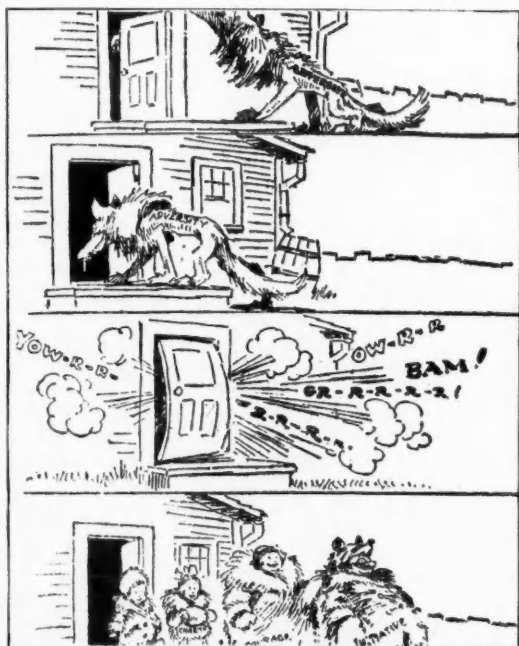
—CHRISTIAN SCIENCE MONITOR

Cuba, dispatches tell us, can't raise money to pay her debts, but Cuba needn't expect too much publicity that way with all the competition she has.

—Lynchburg NEWS

A recent poll of radio preferences shows that crooners are disliked by 9,636 and liked by 64, which would seem to indicate that 64 crooners voted.

—Weston (Ore.) LEADER



OPPORTUNITY IN DISGUISE

—Carlisle in Winnipeg FREE PRESS

WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

Two Books About Russia

"The Great Offensive," by Maurice Hindus. New York: Smith and Haas. \$3.

"Women in Soviet Russia," by Fannina W. Halle. New York: Viking. \$3.

AS THE first year of Soviet Russia's second Five Year Plan comes to an end interest continues to increase in the progress of the experiment. During the last several months two books have been published which, taken together, give an exceptionally good picture of present-day Russia. The first comes from the pen of Maurice Hindus, the well-known authority on Soviet Russia whose "Humanity Uprooted" won him considerable renown. In his new book Mr. Hindus stresses economic developments more than social conditions, although the latter is not omitted. The idea of planning is succeeding, Mr. Hindus finds, and although he takes occasion to criticize some of the things which have been done in Russia, his report is on the whole encouraging and favorable to the Soviets.

Turning from economics to social problems, we may gain an exceptional understanding of Soviet family life from the study of Russian women by Fannina Halle, a German woman who has made her observations and written them with typical German thoroughness. It is not a very entertaining book, unless one is particularly interested in the place of women in Russian life. That place is one of exact equality with the men. Women work alongside men in field and factory; they have the same political and civil rights as their husbands and brothers. The simple process of Russian marriage and divorce is explained at length, as is the system of child care which the Soviets have organized. So careful is the author to present each detail and every virtue and fault, that the truth of the picture may be taken for granted.

A Satire

"Artist Among the Bankers," by Will Dyson. New York: Dutton. \$2.

THIS book is a stinging indictment of business men in general and bankers in particular, written and illustrated by one of Great Britain's most popular pictorial satirists. "The melancholy truth," says Mr. Dyson, "is that there is not—nor was there ever in our world—a marvel that sprang from the business brain." And he continues:

That brain is one of the noncreative things of the world. It has neither pride of ancestry nor hope of posterity—its functions are

the functions of the mule. The nail, the wheel, the sail, the saw, wireless, the airplane, those steps in that patient progression from the squalor of the primeval swamp, are all the patient creations of the creators, the workmen of the world, or, if you must have it—Artist Man.

Mr. Dyson's concern is with the breakdown of the processes of distribution—a phenomenon with which all of us are familiar. The creators, or the artists as Mr. Dyson calls them, have so completely mastered the technique of production that it would be possible for everyone to enjoy a life of comfort and ease if only those who run the distribution machinery of the world, the business men and the bankers, were able to keep pace with the scientists and creators.

Unfortunately, Mr. Dyson is more convincing in his diagnosis than in his suggestion of a remedy. Few of us would be so brash as to deny the validity of his assertion that the machinery of distribution has not operated smoothly during recent years. But would Mr. Dyson's proposed cure be really effective? It would appear on the surface to be but another process of inflation. One remains unconvinced in the face of his arguments on this point. Nevertheless, his book is highly entertaining and calls attention to what is perhaps the world's greatest dilemma today.

Swift-Moving Novel

"The State Versus Elinor Norton," by Mary Roberts Rinehart. New York: Farrar and Rinehart. \$2.

TO MANY people, this latest novel will appear to be Mrs. Rinehart's very best work. And that is saying a great deal because this American writer has enjoyed a long popularity. Nearly everyone has read at least one of her forty-six volumes. Her ability to tell stories is attested to by the fact that she is recognized as one of America's best detective-story writers, and that it is almost impossible for anyone to pick up her books without reading them straight through.

"The State Versus Elinor Norton" is no exception. It is, in the first place, a novel of which the outstanding characteristic is a swift-moving and highly dramatic plot. But it is more than that. It is a study of human psychology. The plot is woven around Elinor Norton's murder of her lover. In the early period of her life, during her marriage with the neurotic and irascible Norton, and in those troublesome months prior to the crime, one follows the evolution of Elinor Norton's character. To the very end, there stands out distinctly the impression of an austere Calvinism which was stamped upon the hero-

ine's character from her girlhood in the East.

Aside from this, "The State Versus Elinor Norton" is a highly romantic love story, such as one does not often find in the literature of today. The narrator of this story, Carroll Warner, has loved Elinor from his early youth but is prevented from marrying her because of the snobbishness of the girl's mother. Through all the crises of her marriage and love affair, he remains the devoted admirer and constant friend. It is only after

Joseph, is relegated to an inferior position in the army.

✱ ✱

As hearings on proposed codes for the Booksellers Division of the Retail Trade Group were conducted in Washington last week, a serious controversy arose between various groups interested in the bookselling business. A number of the leading publishers sought to insert in the NRA code a provision by which the retail price of books would be fixed by the publishers. Opposed to such a provision were representatives of several department stores, literary guilds and some of the NRA officials.

It has been charged by the publishers that a number of the department stores are guilty of cutting the publishers' price on books to the point where a ten-dollar book has sold for one dollar. They use these books as "loss leaders"; that is, they sell them way below cost in order to attract customers to whom they sell other products, thus making up the loss. Many of the representatives of the consumers' interests opposed the code, however, on the ground that it would enable the publishers to fix a price for books, regardless of whether it were fair.

✱ ✱

Is the Hitler government preparing for war? Leland Stowe, Paris correspondent of the New York *Herald-Tribune*, who was awarded the Pulitzer Prize for Journalism in 1930, recently made a first-hand investigation of the extent of Germany's war preparations. His conclusions are embodied in a book which Whittlesey House will publish this month under the significant title, "Nazi Means War."

✱ ✱

One of America's foremost publishers, Frank Nelson Doubleday, died in Florida on January 30. Mr. Doubleday was one of the founders of the publishing house, Doubleday, Doran and Company, of which he was chairman of the board at the time of his demise. His career in the publishing business began more than fifty years ago when he became an employee of Charles Scribner's Sons at the age of fifteen. He remained with that firm for twenty years and was the first manager and publisher of *Scribner's* magazine. He participated in the founding of a number of publishing houses, one of which, Doubleday, Page and Company, issued the first number of *The World's Work*. In 1928, this company merged with the George H. Doran Company when the present name of the organization was adopted. During the course of his life, Mr. Doubleday had the distinction of being the publisher of such writers as Joseph Conrad, Rudyard Kipling, O. Henry, Booth Tarkington, Sinclair Lewis, Ellen Glasgow, Edna Ferber, Kathleen Norris and William McFee.

✱ ✱

"You can often make more money by letting others work for you. If money is all you want, that's the answer. But the amateur likes to do his own living. He wants to miss no real experience. The desire for this kind of reality, which is apart from all economic reward, is spreading, and I take it to be the happiest symptom of our age." So writes John Erskine in *Today*, under the title, "The Threat of the Amateur." Mr. Erskine believes we are learning to do things for ourselves which we used to want others to do for our passive enjoyment. He mentions amateur symphony orchestras, which are in many cases taking the place of professional orchestras. He says that he and his friends now do work about the house which they would otherwise have paid for, and they enjoy doing it.



WORLD PROGRESS, OR ARRESTED FOR DEBT

A cartoon by Will Dyson in "Artist Among the Bankers"

her acquittal by the Montana jury that Warner's hopes are realized and he is able to become Elinor's husband,

Vienna Before 1914

"Radetsky March," by Joseph Roth. New York: The Viking Press. \$2.50.

THE author of this novel, like so many other writers who were living in Germany at the advent of Hitler, has been exiled and his books are outlawed in the Reich. Last year, he fled from Berlin to Paris in order to escape the ruthlessness of Herr Hitler and his henchmen. But his story is in no way concerned with events of the nineteen thirties. He writes of a period and a civilization that died in 1914 when the shot at Sarajevo resounded in the four corners of the earth.

Essentially, "Radetsky March" is a historical novel of the now defunct Austro-Hungarian monarchy. By following the lives and careers of three generations of the Trotta family—father, son and grandson—Mr. Roth covers the reign of the last great Hapsburg, Francis Joseph, who ruled on the throne of Vienna for almost three-quarters of a century. But even during this period, which we are now prone to regard as filled with glory and romance,

we are made to feel the disintegration of the empire. The mixture of races is held together by that rather flimsy thread, the personality of the empire. The glamour that was Vienna's is beginning to fade.

Those who demand constant action in their fiction will find "Radetsky March" disappointing, for Mr. Roth has not filled his book with incidents of a dramatic nature. Rather he is concerned with the ordinary, the trivial, lives of ordinary and trivial people. The first Trotta, Joseph, is raised to a high military rank as a result of heroic action in the field of battle. The second, Franz, is a member of the Vienna bureaucracy, while the third, Carl



GETTING MARRIED IS A SIMPLE AFFAIR IN SOVIET RUSSIA—ALL ONE HAS TO DO IS REGISTER. (Illustration from "Women in Soviet Russia").



GREYHOUNDS OF THE DEEP—BATTLESHIPS ON PARADE

© Underwood & Underwood

The U. S. Builds Up Its Navy

(Concluded from page 1, column 1)

Rainey quickly muzzled Mr. Blanton by asking him to take the chair while one of the important bills was under consideration. Such a request is practically never refused, and once a man has taken the chairmanship he does not take part in the general debate. The bill proceeded serenely on its way.

Why Opposition Dwindled

How does it happen that practically all opposition to a large naval building program evaporated so completely in Congress? There are several reasons. In the first place there was the president's tremendous personal prestige. He did not come out openly in favor of the proposals but the word was passed around that he approved them. And Congress is in a mood to give Mr. Roosevelt anything he wants these days. Then there is the general state of uneasiness prevailing abroad. Japan, which already has her navy up to full treaty strength, has made known her intention of insisting upon a stronger fleet at the conference to be held in 1935. There are indications that she wants full parity with Great Britain and the United States. She is no longer satisfied with the 5-5-3 ratio established for battleships and aircraft carriers at Washington in 1922, nor with the 10-10-7 ratio set for destroyers, cruisers and submarines at London in 1930. (The ratio 5-5-3 means that for every five tons of naval vessel possessed by Great Britain and the United States, Japan shall have three.)

In recent weeks there has been a great deal of talk about a future war between Japan and the United States (AMERICAN OBSERVER, Jan. 31), or between Japan and Russia. There has also been much alarm over the dangerous state of affairs in Europe. These various war scares have tended to fortify the case for an adequate navy. It is stated that if our navy is up to its full strength, the belligerent attitudes of other countries will subside.

Disarmament a Failure

Finally, the argument for a big navy has been strengthened by the failure of the World Disarmament Conference in Geneva to provide limitations on the armaments of all nations. The feeling prevails that the United States has endeavored often to induce other nations to reduce their armaments without success. It has made con-

cessions and sacrifices hoping for similar action from other nations. But such action was never forthcoming, and now it is time to stop such tactics and build up our navy. This viewpoint was well stated in the House of Representatives by Representative Vinson of Georgia, chairman of the Naval Affairs Committee:

The United States believes wholeheartedly in limitation of armaments, and we have contributed greatly to the consummation of that ideal. At the Washington Conference we took the unprecedented course of surrendering the naval supremacy which we then possessed. We agreed to scrap eleven of the most powerful battleships and battle cruisers which have ever been designed. In addition we took out of the line and agreed to scrap twenty completed battleships. . . .

As the gentleman from Kansas (Mr. Ayres) pointed out in presenting the naval appropriation bill for 1935, "disarmament by example is a dismal failure." For eleven long years we followed that siren while other nations employed every facility to increase their respective navies. If the other naval powers will join us, at the prospective conference to be held in 1935, in writing a treaty to impose further limitations on naval strength, this country will welcome such an achievement. In the meantime, however, we must act on the basis of the treaties now in existence. . . .

Many Disapprove

But is the whole nation of the same opinion about this? Are there not millions of Americans whose only feeling is one of dismay when they read of the new cruisers, destroyers, submarines and aircraft carriers which are being built? There are, and while they have been decisively overruled they nevertheless make up an important segment of public opinion. Their views are represented chiefly by the numerous peace organizations scattered all over the country.

It is the considered opinion of this group that it is extremely unwise to build up our navy to the highest possible level. First there is the expense. As we have seen we are planning to spend nearly a billion dollars for equipment alone during the next five years. The cost of operating our Navy Department over the same period of time will run from a billion and a half to two billion. This amounts to a pretty heavy bill for the taxpayers to pay, to say nothing of the army which uses up another \$300,000,000 or more yearly. In a time of depression, it is argued, better uses could be found for this money.

To the argument that "disarmament by

example is a dismal failure" the reply is made that we have always refused to look at the question of disarmament squarely. It is not enough, it is said, merely to scrap a few ships and then expect the rest of the world to do likewise. We must take into account the situation in each particular country.

The United States, for example, is fortunately located. We have no reason to fear attack from our two immediate neighbors, Canada and Mexico. We do not have to build up our defenses to guard against them. But if we look at Europe we see that France is next to Germany, Italy next to France and so on. Nations in such close proximity are naturally prone to be suspicious of each other. They are afraid of being attacked and must guard against it.

A Case in Point

To illustrate the point, let it be recalled that the United States has always wanted France to reduce her armaments down to a level approximating that of Germany's. Many in this country become impatient because France refuses to do this. But suppose instead that France should turn around and ask us to do away with our fortified naval base in Hawaii. We should certainly reply that we could not afford to do that because we must be in a position to guard against trouble with Japan. But, ask those who criticize our disarmament policy, is not the one case as logical as the other?

To this, the answer is made that President Roosevelt has offered a way out by proposing that every nation pledge itself not to send armed troops across its borders. But here again objections are made. Such a proposal is excellent for a country which is fully satisfied with what it has. It would suit France and Great Britain and Austria. But what about Germany, Japan, Italy and Hungary? These countries are not willing to accept the territorial adjustments made after the war. They hope for, or, in the case of Japan, have already obtained other territories. President Roosevelt's suggestion does not suit them, for it means retaining the *status quo*.

Is Large Navy Necessary?

The fact that there is so much rivalry and suspicion in the world seems to strengthen the point made by those who

favor a large navy, that we should build up our fleet to the limit. The other side, however, has its answer ready. It asks a very pertinent question. What are we going to use our navy for? Do we want it only for defense of our own territory against foreign invaders? Or do we want it to carry out certain policies affecting other parts of the world? Are we, for instance, anxious to force Japan to preserve the open door in China?

If we only want to defend our own territory it has been proved again and again that a small navy together with a moderate army is all that is necessary. The new ships being constructed are not needed for this purpose. If, on the other hand, we expect to dispute with the Japanese or with any other country, we must have a fleet strong enough to send several thousands of miles away in order to support our position. This is the only sound argument for a large navy. If we want to be prepared to fight in foreign waters, then, let us build. But if we are only willing to provide for defense in our own waters, additional building is useless. It is only, so the argument goes, to pour more money into the coffers of the armaments firms and to satisfy the aims of our naval officers who are skillful in impressing Congress with what they believe to be national needs.

The opponents of a large navy, however, take some comfort from the fact that the House, in passing the bill authorizing the replacement of 102 ships, stipulated that the concerns building these ships should not derive a profit of more than ten per cent and that half of the ships should be built in government yards. At first there was some opposition to this amendment but such sentiment disappeared a few days later when it was learned that one concern had made a profit of thirty-six per cent on airplane engines sold to the navy. The House was incensed and the committee on naval affairs decided to launch an inquiry into profits on naval armaments.

The feeling is gaining ground in Congress that it would be wise to limit the profits of armament factories. If this is done there will be less incentive to attempt to exert influence on Congress to pass large appropriation bills. It is believed that a check can thus be placed on one form of propaganda.

Planning a New Land Policy

(Concluded from page 1, column 4)

slum regions of cities to suburbs where they will have some land upon which they may make a part of their living.

But the government's plan goes farther than the moving of a people to suburbs. It takes into account the probability that many factories will move from cities to small towns. This is a part of the decentralizing plan which is already under way in American industry and which the administration is trying to further. It is thought that in the case of many industries, manufacturers would find it to their advantage to move away from the congested regions. This would, of course, take them farther from the labor supply but nearer to their market. A tendency of this kind will make it possible for more people to live under healthful and pleasant economic and social conditions. The idea is that in cases where industries are thus decentralizing, the government will assist workers to move to the new regions of employment and will help them to get hold of a little land adjacent to the factories. Millions of people are, of course, now living pleasantly and reasonably profitably in, or near, small towns, or the suburbs. They are enjoying the advantages of land upon which they make part of their living. The administration's plan is to make it possible for more of the people to live under those conditions.

How It Works

The machinery necessary to carry out this program is being set up. Mr. Hopkins has appointed Lawrence Westbrook, at present in charge of the Relief and Civil Works Administrations of Texas, to take charge of this new program. Plans for the work have been under way for months. In fact, ever since President Roosevelt took office, and even long before, he has been thinking of a land program of this kind. Then, a committee, composed of experts from the Departments of Agriculture and the Interior and from the Federal Emergency Relief Administration, has been considering various angles of the problem. It has been surveying the different regions of the country with a view to determining to and from which sections people might be profitably transplanted.

The legal sanction for the carrying out of this program was given by Congress during the emergency or special session. When the National Industrial Recovery Act was passed, an eight-line section was inserted, providing for the following:

To provide for aiding the redistribution of the overbalance of population in industrial centers \$25,000,000 is hereby made available to the president, to be used by him through such agencies as he may establish and under such regulations as he may make, for making loans for and otherwise aiding in the purchase of subsistence homesteads. The moneys collected as repayment of said loans shall constitute a revolving fund to be administered as directed by the president for the purpose of this section.

The president delegated to Secretary Ickes the authority to carry out this section of the recovery act. After a number of conferences with experts in the field, Mr. Ickes established the Division of Subsistence Homesteads in the Department of the Interior, under the directorship of M. L. Wilson, an expert on agricultural problems and a former official of the Department of Agriculture. This agency has been working constantly on the problem ever since and has accomplished a great deal.

What Is Being Done

Only a few weeks ago, Secretary Ickes turned over the sum of \$25,000,000 to the Federal Surplus Relief Corporation for the purpose of buying up "sub-marginal" lands—lands which are held to be incapable of producing farm products on a commercial basis. These lands will be utilized by the government in its new program.

Some of them will be converted into forest and pasture lands. Others will be used for homestead sites where a limited amount of truck gardening may be carried on.

The Subsistence Homesteads Division of the Department of the Interior has already launched a number of projects of the type outlined by Secretary Ickes. Plans have been laid for the establishment of some twenty settlements in widely separated sections of the country. Some of them will be made up of but a few families, twenty-five or thirty, while others will be communities of several hundred families. One of the first projects undertaken by the government is to be located in West Virginia, near Reedsville. The Division purchased a 1,100-acre tract of land which is to be laid out in farms of from two to four acres. The 200 families which will live in the settlement have been selected and are at present working on the houses. They will cost about \$2,000 each, to be paid for by the settlers over a period of twenty years. A factory is to be built to provide employment and there will be a schoolhouse, a general store, and a motion picture hall.

The other projects for which the government has already granted money will be shaped along similar lines, except that they will be modified in the light of experience gained through the one in West Virginia. In some cases, the federal government, through the Subsistence Homesteads Division, has direct charge and supervision of all the work, as it does in West Virginia. In other instances, however, the government is merely advancing the money to local organizations which are in charge of the work.

Significance

Many difficulties will, of course, have to be overcome before these efforts of the administration can demonstrate their success, but it is an imposing program to which the sponsors of the movement are

committed. They are really trying to establish in American life a new frontier. The days when new lands can be taken by those who are unemployed, or poorly employed, are gone. The government cannot give homesteads of virgin land, as it has done in the earlier days. The western frontier has vanished, but perhaps a new frontier consisting of settlements to be created with government help near industrial regions, may take the place of the old frontier on the outskirts of an advancing civilization. If the administration's dream becomes a reality, the newly established frontier will be one, not of geography, but of opportunity.

Other Plans

This subsistence farm program does not stand alone in the administration's program. It is closely linked to several other items of actual or proposed New Deal legislation. Its connection with the Tennessee Valley project is clear enough. The development of power from the Muscle Shoals plant will, it is thought, attract factories to the Tennessee Valley where cheap power will be available. Then workers unemployed elsewhere may be moved to the vicinity of these new factories and may be given at least part-time employment, the rest of their work being done on the subsistence farms.

The subsistence farm idea is also linked to the administration's tariff policy. This tariff policy is only in a state of preparation. But here is what the administration would like to do: It would like to divide all the industries of the country into classes. First, there would be a set of industries like agriculture and the manufacture of machinery, which are regarded as essential and which should be encouraged. The administration will try to secure markets so that these industries may export their products. Below this there will be industries which are to be encouraged but for which export markets are not to be

sought. There are other industries which may stand or fall, depending upon whether they can succeed without governmental help. Finally, at the bottom of the scale, we come to industries which could not possibly be carried on in this country without tariff protection and which are not essential to the national welfare. Among these are the manganese industry and certain forms of lace-making. These are but examples of a number of industries that fall in that classification. From these industries protection is to be withdrawn. The administration would like for the president to have the power to raise or lower tariff rates on any article by as much as fifty per cent. Then the president could approach a foreign government and say: "If you will agree to take a certain amount of our machinery or agricultural products for which we want an export market, we will agree to let you ship in a certain amount of products from some of the industries which we are ready to discard."

A policy like this would constitute national planning of a very definite sort. It would mean a planning by the government of the kinds of industries which should be encouraged and of those which should be discouraged. But the administration would not intend that any individual workmen should suffer through the inauguration of such a policy. The employees of those industries which are discriminated against and discarded would be taken up and either given employment in the industries which are encouraged or else on the subsistence farms.

These plans are only in the making. It has been said that a million families are to be moved to the subsistence farms, but present plans call for the expenditure of only \$100,000,000 and it will take much more than \$100,000,000 to move 1,000,000 families. The important fact is that a step is being made in the direction of a vast social experiment.



SILO IN WINTER

(An Aquatint by Emil Ganso, from "Fine Prints of the Year—1933." Minton, Balch & Co.)



The National Capital Week by Week

A Record of the Government in Action



The President

The president's week was fairly quiet. There was no big news. That does not mean that Mr. Roosevelt wasn't busy. He had, as usual, scores of appointments, dozens of conferences, enough weighty problems to keep the average man occupied for a month. But most of his work was the sort which does not make headlines until a little later, when a new plan



THOSE HELPFUL GOVERNMENT REPORTS
—BROWN IN N. Y. HERALD-TRIBUNE

of action has been completed and announced.

For instance, the president has almost daily meetings with congressional leaders. They discuss with him the way in which legislation is being handled, what the sentiment of senators and representatives is on a certain bill, just how much persuasion may be needed to pass it as the administration wants it. Just now the St. Lawrence Waterway treaty is reaching its climax in the Senate. Will the necessary two-thirds of the members vote for it? The answer just now is that only three more votes are needed to assure approval of the treaty—but how to get those three votes? That is where the president's powers of persuasion must be exercised. He likes nothing better than to persuade someone to change his mind, or to make a compromise. No doubt three or more Democratic senators who now oppose the waterway will have a talk with the president before the vote is taken, and it is not unreasonable to suppose that they will respond with favorable votes.

In a proclamation issued shortly after he signed the gold bill, Mr. Roosevelt ordered the gold content of the dollar reduced to 59.06 per cent of its former valuation. With the United States paying \$35 an ounce for gold on foreign exchange, more than \$34,000,000 worth of the precious metal has already been shipped to this country from Europe, and more is being sent. The president consults daily with his monetary experts to estimate the effects of the money policy. It is still

too early to describe the general trends resulting from it.

Speaking to the forty-eight state directors of the National Emergency Council, the president urged them to be "absolutely hard-boiled" about keeping politics out of the relief program. He is determined to keep political considerations permanently separated from relief efforts, and stated in his talk that ninety per cent of the failures in the emergency plans are due to the entrance of partisan politics.

Executive Departments

These days the Treasury is the most important department in Washington. The other offices are engaged in their routine duties, but in the classic granite structure just east of the White House something new and different is afoot. Most of the Treasury offices have an air of "business as usual," but there are two zones of new interest and activity. One is in and around Room 246, which seems destined to become one of the most important rooms in the history of these times. For this is really the nerve center of American finance and American money. Three ticker machines chatter excitedly there; one spells out the news of the

world, another spouts financial information feverishly at sixty words a minute, the third records New York bond quotations. Every few minutes the tape is brought to Archibald Lochheed, foreign exchange expert, and his five assistants. They go over it carefully, making notations on charts, keeping their fingers on the pulse of money.

Now and then Secretary Morgenthau comes in to talk with Mr. Lochheed. These low-voiced conferences, together with the report sent to Morgenthau at the end of each day, furnish the information on which the United States acts in the money market. The news collected and evaluated in Room 246 determines whether we shall buy or sell English pounds, French francs, and other foreign currencies, in order to keep the dollar at the desired exchange level.

There is more noise and bustle in the Treasury's other new sector of action. While officials will not admit that additional gold will be stored in the Treasury, it is no secret that new vaults and strong boxes are being built in a subcellar far below street level. Workmen are pounding, drilling, lifting tons of steel into place. The door alone weighs forty tons. Ten great chambers are being installed, ready to hold bullion, currency, and important records. Walls of steel line the vaults, so thick and hard that expert drillers re-

quired six hours the other day to bore a small hole through one plate of it. No burglar would have a chance here; even if one could get in, which is inconceivable, an elaborate system of alarms, doors, passages, and locks would make it impossible for him to get out. This huge treasure chest may not be used very soon, but it will be ready if it is needed.

Congress

The Senate spent most of the week listening to speeches on the St. Lawrence treaty and the Louisiana political situation. Huey Long returned to the chamber after the defeat of his candidate for mayor of New Orleans. He spoke for two hours about his enemies and their evil designs against him. Senator Long waved his arms and shouted as usual, but it seems apparent that his hold on the people of Louisiana is fading.

A few weeks ago we mentioned on this page the bill introduced by Senator Hiram Johnson of California which would prevent our foreign debtor nations from securing any more credit in this country until they pay their debts. This bill was reconsidered a few days ago by the Senate; after the addition of a few slight amendments, it was passed a second time, with the approval of the administration.

Various appropriation bills already passed by the House are now being debated in the Senate. Also under consideration is the Vinson navy bill and the other naval legislation described in the article on page 1.

Senator Black's air mail investigation committee has uncovered a considerable amount of dubious dealing in regard to mail contracts. William P. MacCracken, assistant secretary of commerce during the Hoover administration, has been arrested by order of the Senate and brought before that body to answer charges of contempt. The committee asked MacCracken to produce files of the correspondence which passed between himself and several air lines for which he served as counsel. He refused, on the ground that permission must first be granted by his clients. During the time that the permission was being obtained, some of the correspondence was removed from MacCracken's office and destroyed. The Senate therefore took action against him.

Recovery Program

Acting promptly to remove graft from his organization, CWA Chief Harry Hopkins has discharged all the state CWA officials in Colorado. He appointed army officers in various states, to see that corruption would be cleared out of civil

works. Among them was Col. Dan Sultan, named administrator for the state of Illinois. This appointment was followed by the resignation of all Chicago CWA heads, in protest against the naming of Sultan.

The NRA is hatching another eagle. This time it's a code eagle, which is to be a symbol identifying those who have signed one of the 246 codes already completed. The Blue Eagle's term of office really ended January 1, as the PRA (President's Reemployment Agreement) expired at that time. Designs for the new eagle poster have been submitted by artists; so far no one has announced what this bird's color will be.

According to a plan announced by HOLC Chairman John Fahey, and supported by the president, the Home Owners' Loan Corporation will lend nearly a billion dollars to people who want to build their own homes and can prove that their credit is good. Some of this money will also be spent for repairs on homes now mortgaged. It is felt that this move will help revive the construction industry, whose code has just been signed after months of delay. Building has suffered more than any other business during the depression.

A recent speech by Jesse Jones, chairman of the Reconstruction Finance Corporation, before the New York State Bankers Association, is regarded as the most significant statement of the administration's present attitude on banking and credit. Mr. Jones told the bankers that they would



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have to assume again the burden of lending to private business. The government, he said, cannot make many such loans through the RFC.

Now that Deposit Insurance has been put into effect, there is no longer any need for the extensive fear and caution which has kept the bankers from making loans. The president wants them to begin a reasonable credit expansion.

Something to Think About

1. What is meant by the term "decentralization of industry"? What are the arguments for and against it? What has that to do with the subsistence farming idea?
2. What advantages may come from the plan to settle families on subsistence farms? What difficulties do you see in the way of the realization of this plan? Would the development of such farms on a large scale add greatly to the agricultural overproduction problem?
3. What is meant by saying that the administration is undertaking to develop a new frontier to take the place of the old western frontier of earlier days?
4. "You cannot decide how large the American navy ought to be without deciding first the nature of the foreign policies this country should pursue." Do you agree with that statement? Discuss the idea contained in it.
5. Against what nation, or nations, if any, is the navy likely to be used?
6. What, in general, are the arguments for and against the building of our navy up to the treaty limits?
7. What is meant by *laissez faire*? What is meant by economic planning? Which do you regard with greatest favor?

8. Give the gist of the argument supporting the recommendation made by Dr. Butler's committee relative to inventions, wages and purchasing power.
9. What does President Roosevelt think of politics in relief work?
10. Do you agree with the Roosevelt administration and with Walter Lippmann that since laborers have been the hardest hit class during the depression they should be the first to benefit by recovery?
11. Describe the methods of social control which have been developed in Sweden.

REFERENCES: (a) Subsistence Homesteads. *Survey Graphic*, January, 1934, pp. 11-14. (b) The Planned Use of the Land. *Today*, January 20, 1934, pp. 6-7, 23-24. (c) The Navy America Needs. *Current History*, April, 1933, pp. 1-8. (d) Why That Bigger Navy? *World Tomorrow*, October 12, 1933, pp. 562-563. (e) Preparedness for What? *New Republic*, September 6, 1933, pp. 91-93.

PRONUNCIATIONS: Feuchtwanger (foikt'väng-er-k is aspirated), Mardi Gras (mar'dee grah'), Hayashi (hay-ah'shee), Jean Chiappe (zhan-a as in art, she-aph'), Moscow (mos'ko—first o as in hot, second o as in go).